

Central Falls Detention Facility Corporation Meeting Minutes
Tuesday, November 20, 2012
Wyatt Detention Facility Training Building
935 High Street
Central Falls, RI 02863
6:00 P.M.
TDD/TTY 401-727-7450

A meeting of the Central Falls Detention Facility Corporation was held on the above date in the Training Building at 6:00p.m.

1) Call to order / Roll Call – 6:10 p.m.

Members present: Chairman Hartford, Director Tillinghast

Three new members sworn in today: Ernest “Gip” Cabral, Hugo Figueroa, and Yedinson Rios

2) Public Comment

Former Board Member Phil St. Pierre thanked the Wyatt staff. He said that the facility has come a long way in the two years that he was a Board Member and it was a pleasure working with them. He welcomed the new Board Members and encouraged them to build a relationship with the Bondholders.

Former Board Member Al Romanowicz said that it was a pleasure serving this institution. He extended good luck to all the new Board Members.

Former Mayor Tom Lazieh welcomed the new Board Members. He said that he is concerned with the appointment of new Board Members when the City is about to appoint a new Mayor. He asked the new Board Members to introduce themselves and to tell a little about their backgrounds. He asked about the status of any pending law suits, the payment of the Fink property taxes, and any information available regarding the Almonte report. He asked for a financial overview and the facility's profit and loss. He inquired about the present detainee count, any new inmates that may be coming in, and the status of the repair of the relationship with ICE.

Chairman Hartford asked the new Board Members to introduce themselves. Director Cabral offered that he is President of Cabco Engineering Company in Pawtucket. He serves on the Board of Associated Builders and Contractors. He is also on the Board of the RI Workforce Partnership of Greater RI, which is part of the Department of Labor. Director Figueroa offered that he is a resident of Central Falls. He works as a network technician for PC Troubleshooters in Warwick, RI. He is a member of the Charter Review Commission and a member of the PTSO at Central Falls High School. Director Rios offered that he is a Central Falls resident. He is a manger in a warehouse for a logistics company. He has an Associates degree in Adult Law Enforcement and will graduate in May from Johnson and Wales with a Bachelor's in Criminal Justice with a minor in psychology.

3) Approval of minutes, 9/05/12, 9/19/12, & 10/23/12

Motion made by Director Tillinghast to approve the minutes from 9/05/12, 9/19/12, & 10/23/12; seconded by Chairman Hartford. All other members abstained from voting, as they were not present at these meetings. Motion passed.

4) New Business –

A) Report of Finance Committee

Director Tillinghast said that the sub-committee had been meeting regularly with Mr. Fair, the Warden, and Bob Teasdale, a sub-contractor Controller who has five years of experience in for-profit Corrections. He thanked former Director St. Pierre for his involvement in formulating the budget, both last year and this year. He suggested that, although it would result in late submission of the budget to the bondholders, he felt it necessary to give the new Board Members the opportunity to review and digest the budget before they were asked to vote on it. That being said, he added that it is the recommendation of the sub-committee to approve the budget prepared by management. He offered Mr. Teasdale or Mr. Fair the opportunity to provide the Board with a broad overview of the budget.

Chairman Hartford asked if there was a monthly report to review. Director Tillinghast said that there was, but that he had not had the opportunity to review it since he'd received it today. Chairman Hartford asked Bob Teasdale to review the information. Mr. Teasdale provided that operating revenues for the month of October were approximately \$2.1M. Operating expenses were approximately \$1.4M, which yielded an operating income of approximately \$700K. When you include non-operating expenses, such as interest and depreciation, there is a result of a change in net assets of \$198K for the month. The ADP for the month was 613. Director Tillinghast asked, in terms of operating income, how would you compare \$700K in terms of revenues of \$2.1M, since Mr. Teasdale's been involved in this industry? Mr. Teasdale stated that this was an operating income of about 30%. He said that this is comparable to CCA, which runs prisons on a much larger scale, so they are able to run their numbers across a number of facilities. Operating revenues year-to-date are at \$20.6M with expense at approximately \$14.1M. After non-operating expenses, year-to-date the change in net assets is a deficit of roughly \$2M. Director Tillinghast pointed out that the average daily population for the year is 620. To cover the current deficit in the cash flow, we'd need about 16 more detainees a day.

Attorney Lynch-Gadaleta pointed out that the budget had to be submitted to the Bondholders by December 1st, so a special meeting might be necessary. Director Tillinghast asked the consequences of being non-compliant with this deadline. Attorney Fracassa said that, if a budget was not submitted timely, we would continue to follow the existing budget until a new budget is adopted. Director Tillinghast said that, based on this information, there is no impact by waiting until the next Board meeting to approve the budget. He briefly explained how the sub-committee, along with management, had arrived at the information contained within the budget (trends, averages).

Michael Geezil, Consultant to the Board, said that the real impact was in the old days when they gave us money at the first of the month based on the budget. Now, we just submit the invoices and it has nothing to do with budget, so there's no real impact. Attorney Fracassa said that, more than likely, we'd get a default letter. The Chairman pointed out that this (letter) would generate fees. Mr. Geezil recommended that we put the Bondholders on notice that the budget would be delayed. Director Tillinghast said that we could give them the budget with a cover letter indicating that this was the budget recommended by the sub-committee, but due to the addition of three new Board members, final approval would be delayed until the next meeting.

Director Tillinghast asked Former Director St. Pierre if he had anything to add about the budget. Mr. St. Pierre suggested that we send the approved budget to the Bondholders along with a note indicating that there could be an amendment coming in December. Director Cabral said that he was agreeable to this. He said that he would be more

comfortable going forward with an approval, to show good faith, then making any changes necessary in the future.

Motion to approve the report of the finance sub-committee for the month of October made by Director Tillinghast; seconded by Director Cabral. All were in favor. Motion passed.

B) Current Cash Report and Overview of Accounts Update

Chairman Hartford commented that this information was discussed in conjunction with the report of the finance committee. No further discussion ensued.

C) 2013 Budget.

Director Tillinghast said that the management team prepared a budget after meeting with the sub-committee to discuss what should go into the budget. All of the major expenses had significant thought put into them that was not straight-lined or run-rate or anything else insignificant. There were two revisions prior to this final document. They have reviewed the staffing plan and are comfortable with the model used to staff the facility. This was done with the understanding that we needed to have a break even budget. We used formulas and historical data to calculate the ADP and numerous other expenses. Mr. Geezil added that this was a break-even budget before we added, what we call, non-operating fees. This budget, on an actual basis, loses approximately \$550K.

Bob Teasdale provided a brief overview of the budget, as proposed. The budget was predicated on an average daily population (ADP) of 635 at a per-diem rate of \$101.76. We're budgeting operating revenue of \$25.1M. Operating expenses total about \$16.7M. This yields operating income before non-operating fees of \$8.4M. With non-operating fees included, we have a change in net assets of negative \$2.3M.

Director Tillinghast asked when the last time was that we had a change in the per-diem rate of \$101.76. Mr. Fair responded that he believed it was in 2008. Director Tillinghast asked what the contracted increase was in 2012 and 2013. He was informed that it was 3% each year. He pointed out that our operating expenses are increasing, but our per-diem remains the same. He said that this is a challenge that we will continue to face.

Director Cabral asked why we were projecting an increase in telephone usage of 17%. Mr. Teasdale responded that the budgeted amount in 2012 was short one month. It was based on only eleven months of revenue.

Mr. Geezil pointed out that the ADP was lower because the Marshals are removing detainees more quickly once they are adjudicated. It isn't that we lost detainees; it's that we lost time.

Director Rios asked what we are doing to reach out to ICE or other agencies to ensure that they bring more detainees to us as opposed to other places in New England. Mr. Fair said that we've informed the Marshals and proved to them that we are able to handle the most difficult of detainees. Our reputation is such that Connecticut and Massachusetts are willing to use us as opposed to more local facilities. He invited the new Board Members to tour the facility. He assured them that they would be impressed with the quality of the staff and the pride they take in their job.

Motion to approve the budget recommended by the finance sub-committee made by Director Cabral; seconded by Director Figueroa. All were in favor. Motion passed.

D) Authorization of miscellaneous payments and purchases

No discussion.

- 5) Old Business
No discussion.

- 6) Reports of the CEO and/or Legal Counsel (as necessary); ADP update; and other matters.

Michael Fair, CEO, said that we were recently able to get the cranes in so that the rooftop units for the HVAC could be installed. It has made a huge difference already, but will be evident this coming summer.

We have a new RFP that's out for vending services. The RFP is open through December 7th.

There are two more Capital improvement projects completed. He said he would provide

Wyatt and Aramark are teaming up to provided 250 meals for the Thanksgiving dinner in conjunction with the Progreso Latino.

Sergeant Donald Pina received the RI Life-saving Medal of Heroics from Governor Chaffee and Secretary of State Ralph Mollis on Wednesday, November 14th. He responded to a choking child in the middle of the street. He did CPR and revived the child. Chairman Hartford offered his congratulations to Sergeant Pina.

Class 33 is underway. We have 20 candidates in the class.

The quarterly report for the third quarter is included in the (Board Members) packet.

- 7) Next meeting:

Wednesday, December 19, 2012 @ 6:00pm @ Wyatt Training Building

- 8) Executive Session pursuant to R.I. General Laws § 42-46-5 for the following purposes:

- A. RIGL § 42-46-5(a)(2) and RIGL § 42-46-5(a)(4) for the purpose of reviewing issues regarding FOP representation of supervisory staff and litigation concerning the Wayne Salisbury matter; Ng; Cornell; Avcorr; Property tax bill; Forensic Audit.
- B. RIGL § 42-46-5(a)(3) for the purpose of receiving an operational report from the CEO.
- C. RIGL § 42-46-5(a)(1) Personnel

- 9) Adjournment